

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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HOUSE BILL 1248*
Committee Substitute Favorable 6/4/98
Committee Substitute #2 Favorable 6/24/98
Senate Finance Committee Substitute Adopted 8/20/98
Senate Finance Committee Substitute #2 Adopted 9/15/98

Short Title: Tobacco Settlements Payments.

(Public)

Sponsors:

Referred to:

May 12, 1998

1 A BILL TO BE ENTITLED
2 AN ACT TO PROTECT NORTH CAROLINA CITIZENS FROM LOSSES DUE TO
3 FEDERAL TOBACCO LEGISLATION OR TOBACCO LITIGATION AND TO
4 PROVIDE THAT FUNDS RECEIVED DUE TO TOBACCO SETTLEMENTS AND
5 RELATED CONGRESSIONAL LEGISLATION SHALL BE SPENT PURSUANT
6 TO APPROPRIATION BY THE GENERAL ASSEMBLY.
7 The General Assembly of North Carolina enacts:
8 Section 1. The General Assembly finds that:
9 (1) In June 1997, a tentative settlement was reached in litigation between
10 United States cigarette manufacturers and the attorneys general of 40
11 states.
12 (2) Dozens of bills were introduced in Congress dealing with this
13 settlement, and several of those bills would have provided financial
14 assistance to tobacco farmers and others who depend on tobacco for
15 their livelihoods.

1 (3) Some of these proposed bills would also have provided for block grants
2 and other funds for states to use for related purposes.

3 (4) Congress is unlikely to enact legislation on this subject during 1998.

4 (5) Tobacco litigation and federal legislation providing for settlement of the
5 litigation have the potential to affect the interests of tobacco farmers and
6 others who depend on tobacco for their livelihoods.

7 Section 2. Article 1 of Chapter 143 of the General Statutes is amended by
8 adding a new section to read:

9 **"§ 143-16.4. Settlement Reserve Fund.**

10 (a) The 'Settlement Reserve Fund' is established as a restricted reserve in the
11 General Fund. Funds shall be expended from the Settlement Reserve Fund only by
12 specific appropriation by the General Assembly.

13 (b) Unless prohibited by federal law, federal funds provided to the State by block
14 grant or otherwise as part of federal legislation implementing a settlement between
15 United States tobacco companies and the states shall be credited to the Settlement
16 Reserve Fund. Unless otherwise encumbered or distributed under a settlement agreement
17 or final order or judgment of the court, funds paid to the State or a State agency pursuant
18 to a tobacco litigation settlement agreement, or a final order or judgment of a court in
19 litigation between tobacco companies and the states, shall be credited to the Settlement
20 Reserve Fund."

21 Section 3. It is the intent of the General Assembly to enact appropriate tax
22 relief for financial assistance payments that may later be enacted by Congress for tobacco
23 farmers and for others who depend on tobacco for their livelihoods. In addition, it is the
24 intent of the General Assembly to monitor the status of tobacco litigation in this State and
25 other states and to act to protect the interests of North Carolina tobacco farmers and other
26 North Carolina citizens who depend on tobacco for their livelihoods.

27 Section 4. This act is effective when it becomes law.